

AMENDMENT TO SPECIFICATION:

Please replace the paragraph beginning on page 9, line 25, with the following rewritten paragraph:

Q' --In an alternative embodiment, the motion vector searcher 103 makes a decision as to whether ~~or not~~ intra-frame coding is appropriate during a search through macroblocks of the input frame. If this is the case, the motion vector searcher 103 provides no output to the mean value calculator 109.--
